

## Message Text

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ACTION EB-08

INFO OCT-01 NEA-10 IO-13 ISO-00 L-03 FRB-03 OMB-01

ITC-01 SP-02 USIA-06 AGRE-00 AID-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01

STR-04 TRSE-00 CEA-01 AF-08 ARA-06 EA-07 EUR-12

/105 W

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R 311151Z MAR 77

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 2293

INFO AMEMBASSY ROME

AMEMBASSY COLOMBO

AMEMBSSSY MANILLA

USMISSION GENEVA

USMISSION USEC BRUSSELS

LIMITED OFFICIAL USE NEW DELHI 4571

E.O. 11652: N/A

TAGS: ETRD, EPAP, FAO, IN

SUBJECT: INDIAN PROPOSAL FOR COIR INTERNATIONAL

REF: ROME 4738

1. EMBOFF SOLICITED FURTHER DETAILS WITH REGARD TO GOI PROPOSAL TO ESTABLISH COIR INTERNATIONAL FROM JOINT SECRETARY B.R.R. IYENGAR MARCH 28. IN CONVERSATION DURING FAO HARD FIBERS MEETING EARLIER IN MONTH, IYENGAR HAD DESCRIBED OIR INTERNATIONAL AS AN EFFORT TO "ACCOMPLISH SOMETHING" IN CONTRAST TO UNPRODUCTIVE MEETINGS IN UN FORUMS. HE SAID SUCH MEETINGS "DON'T SELL COIR"--A ROLE HE FORESAW FOR NEW ORGANIZATION.

2. EMBOFF NOTED THAT INDIAN DELEGATION TO FAO MEETING HAD LISTED SEVEN OBJECTIVES FOR NEW ORGANIZATION, OF WHICH LAST WAS "GUARANTEEING REGULARITY OF SUPPLIES WITH PRICE EQUITABLE  
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TO CONSUMERS AND PRODUCERS". IYENGAR STATED THAT MEETING COVERED HARD FIBERS IN GENERAL AND QUESTION OF BUFFER STOCKING REFERRED MAINLY TO SISAL (SIC). HE EXPLAINED THERE WAS SOME PROBLEM WITH SUPPLY OF COIR SINCE IT WAS A NATURAL PRODUCT WITH DIFFERENCES OF QUALITIES AND GRADES AND FACED INTEMITTANT PURCHASE ORDERS FROM CONSUMERS IN DEVELOPED COUNTRIES. THIS WAS RELATIVELY SIMPLE MARKETING PROBLEM BEING TACKLED BY

POSSIBLE STOCKING IN EUROPE OR PERHAPS IN PRODUCING COUNTRIES. LONG TERM CONTRACTING SUCH AS INDIA HAD ENTERED INTO WITH FRANCE WAS PREFERRED DEVICE FOR SOLVING THIS PROBLEM. IN CONTRAST TO MANY AGRICULTURE PRODUCTS COIR DID NOT HAVE SIGNIFICANT VARIATION IN SUPPLY.

3. EMBOFF ALSO ASKED WHAT RELATIONSHIP INDIA FORESAW BETWEEN COIR INTERNATIONAL AND PROJECT-ORIENTED ORGANIZATIONS SUCH AS UNDP AND GATT-UNCTAD INTERNATIONAL TRADE CENTER. IN PARTICULAR HE ASKED WHETHER INDIA EXPECTED THOSE TWO ORGANIZATIONS TO HOLD UP PROJECTS THEY WERE CURRENTLY WORKING ON. IYENGAR DID NOT SEEM CONCERNED WITH ISSUE AND IMPLIED THAT ITC PROJECT FOR COIR CENTER IN EUROPE WAS STILL IN PLANNING STAGE. EITHER COIR INTERNATIONAL ITSELF WOULD TAKE OVER THESE PROJECTS AND UNDERTAKE NEW PROJECTS AS WELL, OR IT COULD ACT AS COORDINATING BODY. THIS WAS A MATTER WHICH IYENGAR SAW FAO WORKING PARTY AS RESOLVING. HE NOTED THE ANSWER WOULD DEPEND ON THE AMOUNT OF FINANCING COIR INTERNATIONAL OBTAINED FOR ITSELF.

4. EMBOFF NOTED THAT OTHER COMMODITY GROUPS WITH WHICH INDIA PARTICULARLY ASSOCIATED--IRON ORE, JUTE, AND TEA--WERE FOR PRODUCERS ONLY AND ASKED WHY GOI HAD DECIDED TO INCLUDE CONSUMERS IN COIR INTERNATIONAL. IYENGAR SAID COIR INDUSTRY WAS VERY SMALL AND PROCESSING WAS LOCATED IN CONSUMING COUNTRIES TO A GREAT EXTENT. THUS, GOALS OF THE ORGANIZATION COULD NOT BE ACCOMPLISHED BY PRODUCERS ALONE BOTH BECAUSE OF FINANCIAL CONSTRAINTS AND BECAUSE OF LIMITED ACCESS TO CONSUMER MARKET.

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5. EMBOFF ASKED IYENGAR'S VIEW ON EDITORIAL COMMENT IN INDIAN NEWSPAPER TO THE EFFECT THAT COIR COULD BE MADE REMUNERATIVE FOR INDIA ONLY THROUGH PROGRAM OF MODERNIZATION. IYENGAR SAID HE HAD RECENTLY MET WITH COIR BOARD IN KARALA AND HAD TOLD THEM THAT MODERNIZATION OF PROCESSING METHODS HAD TO BE UNDERTAKEN. PROBLEM WAS GEOGRAPHICALLY RESTRICTED TO COIR INDUSTRY IN KARALA WHERE WORKERS WERE PREDISPOSED AGAINST ANY MODERNIZING TECHNIQUES. IN CONTRAST, COIR WORKERS IN OTHER SOUTHERN STATES DEMANDED MAXIMUM USE OF MECHANIZATION. IYENGAR FORESAW CHANGE IN IMPLEMENTS AND HANDLING METHODS WHICH WOULD INCREASE PRODUCTIVITY, WITHIN THE CONTEXT OF MAINTAINING COTTAGE LEVEL AND SMALL SCALE OPERATION.

6. COMMENT: COIR INTERNATIONAL WAS TO A LARGE EXTENT THE GIMMICK WHICH GOI SOUGHT TO USE TO TURN FAO MEETING TO ITS OWN ADVANTAGE. NONETHELESS IT IS SYMPTOMATIC OF WIDE SPREAD FEELING WITHIN GOI THAT INDIA'S TRADE PROBLEMS, EVEN WITH AGRICULTURE COMMODITIES, REQUIRE AGGRESSIVE MARKETING AND IMPROVED PRODUCTION TECHNIQUES RATHER THAN ARTIFICIAL PRICE

MANIPULATION.  
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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009